

SCIENCE ADVISORY BOARD
ENVIRONMENTAL ECONOMICS ADVISORY COMMITTEE
Telephone Conference call Meeting, Convened in Ariel Rios Room 6013
1200 Pennsylvania Avenue, NW, Washington, DC
Monday, August 12, 2002; 1:00 pm - 3:00 pm EDT

AGENDA

PURPOSE: To reach closure on the EEAC Affordability Criteria Review

1:00 pm Convene the conference call

1:10 pm Opening Remarks
Dr. Robert Stavins, EEAC Chair

1:15 pm **Deliberation and Closure on the Charge Questions**
Coordinated by Dr. Stavins, EEAC Chair

- a. **Charge question 1: Basic Approach:** What is the SAB's view of the Agency's basic approach of comparing average compliance costs for an NPDWR with an expenditure margin, which is derived as the difference between an affordability threshold and an expenditure baseline?
Dr. Lawrence Goulder, Lead Discussant
- b. **Charge Question 2: Median Household Income:** If the basic approach is retained, should a measure other than median income that captures the impact on more disadvantaged households be used as the basis for the affordability threshold? If so, what alternative measures (e.g. 10th or 25th income percentile, poverty level income) should the Agency consider and why? What would be the likely effect of such alternatives on existing and future national level affordable technology determinations?
Dr. Stephen Polasky, Lead Discussant
- c. **Charge Question 3: Affordability Threshold:** Discussion and Conclusions on Charge Question 3: What alternatives should the Agency consider to 2.5% as the income percentage for the national level affordability threshold and what would be the likely effect of such alternatives on existing and future national level affordable technology determinations? What basis should the Agency use to select from among such alternatives? Should the Agency use costs of other household goods and services or risk reduction activities as a basis for setting the affordability threshold as was done in the development of the current criteria?
Dr. Cathy Kling, Lead Discussant

- d. **Charge Question 4: Expenditure Baseline:** Does the Committee believe the Agency should consider other approaches to calculating the national “expenditure baseline” than those used by the Agency heretofore?
Dr. Michael Hanemann, Lead Discussant
 - e. **Charge Question 5: Ground Water vs. Surface Water Criterion.** Does the Committee believe that separate national level affordability criteria should be developed for ground water and surface water systems?
Dr. Richard Norgaard, Lead Discussant
 - f. **Charge Question 6: Financial Assistance:** Should the Agency include an evaluation of the potential availability of financial assistance (e.g. Drinking Water State Revolving Fund) in its national level affordability criteria? If so, how could the potential availability of such financial assistance that reduces household burden be taken into consideration?
Dr. Gloria Helfand, Lead Discussant
 - g. **Charge Question 7: Regional vs. National Criteria:** Is there a need for making affordable technology determinations on a regional rather than a national basis? Does adequate readily available information exist to support such an approach? EPA is still exploring the degree of flexibility afforded by SDWA to make regional determinations, but would appreciate the Committee’s advice on whether such determinations are feasible and warranted.
Dr. Hilary Sigman, Lead Discussant
- 2:50 pm Action Items for the Report to the Administrator
Dr. Stavins, EEAC Chair
- 3:00 pm **Adjourn the meeting**